



The New IRS Form 1023

June 28, 2005



Why Revise Form 1023?

- Reduce burden of compliance:
 - Tax code-to-English translation
 - Reorganize to make more logical
- Reduce processing time
- Improve compliance
- Educate filers

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Part I: Identification of Applicant

- EIN required to file application
- Street address vs mailing address
- Line 7: Authorized representative
- Optional fax number and email contacts

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Part II: Organizational Structure

Permissible organizational structures

- Corporation
- Unincorporated association
- Trust
- Limited liability company

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Part III: Required Provisions in Organizing Document

- Exempt purpose clause: Purposes must be charitable, religious, educational, scientific, literary, public safety, protection of children or animals, or amateur athletic competition
- Dissolution clause: Proper charitable distribution of assets upon dissolution
 - Operation of state law



Part IV: Narrative Description of Activities

- Instructions provide guidance
- Describe *past, current, and planned* activities
- Be realistic and concise
- Confront potential impermissible private benefit and other issues head-on

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Part V: Compensation

- Requests information about compensation and other financial arrangements with officers, directors, trustees, highly compensated employees, and highly compensated independent contractors



Part VI: Who Are Your Beneficiaries?

- Are the benefits of organization programs (goods, services, funds) limited to specific individuals, groups, or members?
- Will individuals related to organization insiders (officers, directors, trustees, employees, or contractors) receive benefits?



Part VIII: Your Specific Activities

- Requests information about past, current, and planned activities
- Prior Schedule G incorporated into Part VIII
- Questions probe for prohibited activities
- Lines 12a & 14a: Foreign operations/grants

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Part IX: Financial Data

- Provide actual or projected financial information for three or four tax years
- Which years to report depends on organization's formation date

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Part X: Public Charity Status

- Public charity/private foundation classification
- Request for advance or definitive ruling
- Consent to extend statute of limitations on assessment of § 4940 taxes (prior F. 872-C)
- Prior Schedule E (private operating foundations) incorporated into Part X



Schedules

- A: Churches
- B: Schools, Colleges, and Universities
- C: Hospitals and Medical Research Orgs
- D: Section 509(a)(3) Supporting Orgs
- E: Late Filings
- F: Homes for Elderly or
Handicapped/Low Income Housing
- G: Successor Orgs

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